

CITY OF WARWICK
FINANCE DEPARTMENT
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(401) 738-2015

Councilman Timothy Howe
Warwick Annex
65 Centerville Rd
Warwick, RI 02886

October 13, 2023

Dear Councilman,

Pursuant to the Warwick Code of Ordinances, Section 30-5 to 7, I have prepared the following fiscal note on PCO-21-23.

Positive action on the Ordinance would result in non-union municipal city employees (who had previously been union employees) being granted the same employee post-retirement health benefits they would have received if they had remained union employees.

The existing Ordinance that is amended here prohibits any post-retirement health benefits for non-union employees.

The existing CBA provides as follows:

For any employee hired on or after July 1, 2015, upon their normal retirement from service, the City shall provide only single coverage health insurance. Any employee in this class may purchase additional health and/or dental insurance at their own expense.

Grandfathered sections of the CBA make it clear that family plan is available to “normal retirement” retirees who were hired before July 1, 2015. The essential criteria for normal retirement is 10 years of service and meeting a threshold combining years of service and age which is 80 for those hired before July 1, 2015.

The City of Warwick currently pays \$792.12 a month (\$9,505.44 a year) for single plan retiree health insurance under the age of 65 and \$1,935.35 a month (\$23,224.20 a year) for family plan health insurance retirees. A Medicare supplement plan is substituted for direct city health insurance when the retiree turns 65. There are currently 263 full time union employees and 113 non-union employees.

It is not possible to estimate the annual cost of this Ordinance change because it is not possible to predict the number of existing employees or retirees who would take advantage of this option. The Ordinance would only apply to employees or retirees who transferred from union to non-union positions and meet the other qualifications. While it is likely that application would be infrequent, the cost per qualifying retiree is significant.

Respectfully submitted,

Peder A. Schaefer
Finance Director